

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (06/04):**

BUTTER: Grade AA closed at \$1.5750. The weekly average for Grade AA is \$1.5656 (+.0131).

CHEESE: Barrels closed at \$1.3575 and 40# blocks at \$1.3975. The weekly average for barrels is \$1.3744 (-.0831) and blocks, \$1.4156 (-.0739).

BUTTER HIGHLIGHTS: Pricing levels at the CME Group cash market continue to increase fractionally on a daily basis. Churning activity over the recent holiday weekend was strong in much of the country, absorbing available cream supplies. Early in the week, butter producers continued to work down weekend supplies of cream and realized lighter offerings as Class II operations resumed cream based product production. At this time of the season, ice cream and mix production are anticipated to absorb increasing volumes of available cream, thus limiting supplies for butter producers. Domestic butter producers and handlers are very interested in what impact the release of European butter stocks from intervention might have on current and future markets. At the Dairy Commissions meeting on June 3, the Commission did accept bids to sell 11,515 MT (25.4 million pounds) at prices ranging 3450 – 3850 Euros per MT (\$1.9000 – 2.1200 per pound). These prices are in line or slightly lower than current selling prices in Europe at this time. Reports indicate that there are 13,669 MT left for bidding by the June 15th deadline.

CHEESE HIGHLIGHTS: During the holiday abbreviated week, cheese prices on the CME Group cash market extended the streak of price declines to 8 consecutive daily sessions. Demand is steady to lighter where buyers are delaying orders until prices again settle. Some firms are preparing orders for the July 4th weekend promotions. Current offerings of regular varieties are generally ample with normal lead times needed on specialty variety orders. Cheese offerings remain heavy as cheese production is around peak annual levels. Even after cheese production declines, it takes around a month for current cheddar supplies in the pipeline to diminish. During the period of January – April 2010, estimated U.S. cheddar production totals 1.065 billion pounds, down 9.0 million pounds (-0.8%) from the same period in 2009. Total cheese output in the first third of 2010 was put at 3.371 billion pounds, up 58.4 million pounds (1.8%) from a year earlier.

FLUID MILK: Milk production trends across the country are fluctuating on both sides of peak levels. In Southern states, milk receipts are showing signs of declines from peak levels while further north, output is holding steady at high levels with some areas still reporting increases. Milk volumes over the recent Memorial Day holiday weekend were heavy with manufacturing and balancing plants very active. For the most part, these facilities were able to process the heavy volumes with minimal problems except for a dryer fire in the Western part of the country. Most plants had time this week to get silos and milk trucks emptied before the upcoming weekend. Class I demand is mixed and will continue so for the next few weeks as bottled milk demand adjusts. Many schools across the country have already closed for the summer with the balance closing in the next 1 – 2 weeks. Cream markets gained demand momentum early in the week as Class II operations, down or on reduced schedules over the holiday weekend, resumed production schedules. Most Class II cream demand is centered around ice cream and mix production. Churning was active over the holiday weekend absorbing available cream volumes and is anticipated to ease as Class II demand increases and cream volumes available to them decline.

DRY PRODUCTS: The nonfat dry milk market is generally steady to slightly weaker. Information from the June 1 global/Dairy Trading event showed skim milk powder prices decreased about 6.2% from the previous event. Also, domestic powder producers and handlers are closely monitoring what impact the release of European skim milk powder supplies out of intervention might have on current and future markets. At the Dairy Commission meeting on June 3, the Commission rejected all bids, 48,999 MT (108 million pounds), to buy skim milk powder out of intervention. The Commission indicated that bids were below current markets. Over the past holiday weekend, drying schedules were very active as surplus milk volumes were heavy. Buttermilk powder markets are steady to firm. Often, producers are limited on the production side of dry buttermilk because of steady to higher demand for condensed buttermilk loads. Whey markets and prices are generally steady with some slight easing of prices appearing. Contract sales continue to be the bulk of current sales activity with limited sales of spot loads. The market tone remains unsettled as negotiations

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**CME GROUP
CASH TRADING**

PRODUCT	MONDAY MAY 31	TUESDAY JUNE 1	WEDNESDAY JUNE 2	THURSDAY JUNE 3	FRIDAY JUNE 4	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	CME	\$1.4000 (-.0300)	\$1.3825 (-.0175)	\$1.3575 (-.0250)	\$1.3575 (N.C.)	(-.0725)	\$1.3744 (-.0831)
40#BLOCKS	GROUP CLOSED	\$1.4375 (-.0275)	\$1.4250 (-.0125)	\$1.4025 (-.0225)	\$1.3975 (-.0050)	(-.0675)	\$1.4156 (-.0739)
BUTTER GRADE AA	HOLIDAY	\$1.5600 (+.0025)	\$1.5625 (+.0025)	\$1.5650 (+.0025)	\$1.5750 (+.0100)	(+.0175)	\$1.5656 (+.0131)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET AT A GLANCE

with the Chinese government continue as to accepting U.S. dairy products. Production of whey is often heavier than last year and there was increased drying over the recent holiday weekend.

ORGANIC DAIRY MARKET OVERVIEW (DMN): Milk production remains seasonally strong. From east to west, organic dairy processors report May sales stronger than a year ago. The strength of organic dairy sales reported by processors during the higher milk production season continues the trend of recent months, a stronger trend than had generally been expected earlier in 2010 when many processors made projections for the year. Leading into the beginning of June Dairy Month, the number of surveyed newspaper ads containing organic dairy content was at one of the lowest levels of 2010. For the period May 22, 2010, through June 4, 2010, ads with organic dairy content fell to 2,186 of 9,150 surveyed ads, down from 3,744 ads two weeks ago. The most obvious factor is the significant decline in ad numbers for half gallons of organic milk coupled with lower numbers for gallons. Ads for organic yogurt in various sized containers also declined. An offsetting factor is the significant number of ads for 8 ounce cartons of aseptically packaged milk – cartons that do not require refrigeration and which give milk a longer shelf life than milk requiring refrigeration. Organic dairy content in Midwestern and Northeast weekly supermarket ads continued to lead all regions, as was the case two and four weeks ago. For the first time ever, not only during 2010, but also 2009 dating to when this Report began delineating regional percentages, there were zero organic dairy ads in a region; in this instance, the South Central Region. The trend of the last eight weeks with organic milk and yogurt alternating being first and second in ad placements continues. Organic yogurt narrowly leads with 1,668 ad placements compared with organic milk, 1,642.

MAY AGRICULTURAL PRICES (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2010 was unchanged at 183. Compared with May 2009, the index was up 3 points (1.7%). The index of prices received by farmers for dairy products advanced 3 points during the month of May 2010 to 115. Compared with May 2009, the index was up 26 points (29.2%). Prices received by farmers in May with changes from April were: for All Milk, \$15.00 per hundredweight, up \$.40; for Fluid Grade Milk, \$15.00, up \$.40; and for Manufacturing Grade Milk, \$13.50, up \$.20.

APRIL DAIRY PRODUCTS (NASS): Butter production was 138.6 million pounds in April, 2.5% below April 2009 and slightly below March 2010. American type cheese production totaled 360.1 million pounds, 1.5% above April 2009, but 0.6% below March 2010. Total cheese output (excluding cottage cheese) was 862.8 million pounds, 1.8% above April 2009, but 3.2% below March 2010. Nonfat dry milk production, for human food, totaled 152.2 million pounds, 7.7% above April 2009 and 11.0% above March 2010. Dry whey production, for human food, was 85.6 million pounds, 7.7% above April 2009, but 1.6% below March 2010. Ice cream (hard) production totaled 78.5 million gallons, 0.7% below April 2009 and 1.8% below March 2010.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the May 2010 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$14.90 (+\$1.12), Class III \$13.38 (+\$0.46), and Class IV \$15.29 (+\$1.56). Product price averages used in computing Class prices are: butter \$1.5801, NDM \$1.2520, cheese \$1.4257, and dry whey \$0.3645. The Class II butterfat price is \$1.7128 and the Class III/IV butterfat price is \$1.7058. Further information may be found at: www.ams.usda.gov/DairyMarketStatistics select Prices, select Price Formulas – 2010.

CME GROUP

MONDAY, MAY 31, 2010

CME CLOSED - NO TRADING

TUESDAY, JUNE 1, 2010

CHEESE — SALES: 6 CARS BARRELS: 2 @ \$1.4225, 2 @ \$1.4125, 1 @ \$1.4075, 1 @ \$1.4000; 5 CARS 40# BLOCKS: 2 @ \$1.4500, 1 @ \$1.4450, 1 @ \$1.4400, 1 @ \$1.4375; LAST BID UNFILLED: 5 CARS 40# BLOCKS @ \$1.4250; LAST OFFER UNCOVERED: 10 CARS BARRELS @ \$1.4000; 10 CARS 40# BLOCKS @ \$1.4375
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5600; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JUNE 2, 2010

CHEESE — SALES: 1 CAR BARRELS @ \$1.3875; 6 CARS 40# BLOCKS: 1 @ \$1.4350, 5 @ \$1.4250; LAST BID UNFILLED: 5 CARS 40# BLOCKS @ \$1.4200; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3825; 1 CAR 40# BLOCKS @ \$1.4325
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.2850
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5625; LAST OFFER UNCOVERED: NONE

THURSDAY, JUNE 3, 2010

CHEESE — SALES: 7 CARS BARRELS: 2 @ \$1.3725, 5 @ \$1.3600; 8 CARS 40# BLOCKS: 1 @ \$1.4225, 2 @ \$1.4200, 1 @ \$1.4150, 1 @ \$1.4100, 2 @ \$1.4075, 1 @ \$1.4050; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 5 CARS BARRELS @ \$1.3575; 1 CAR 40# BLOCKS @ \$1.4025
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.2400; 1 CAR GRADE A @ \$1.2400; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.2800; 1 CAR GRADE A @ \$1.2700
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5650; LAST OFFER UNCOVERED: NONE

FRIDAY, JUNE 4, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.3975
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.2500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.2600
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5750; LAST OFFER UNCOVERED: NONE

CME GROUP CASH NONFAT DRY MILK: Extra Grade closed the week at \$1.2600 and Grade A at \$1.2500. The last price change for Extra Grade was on 06/04/10 and Grade A was on 6/04/10. The weekly average for Extra Grade is \$1.2788 (-.0112) and Grade A is \$1.2800 (-.0200). *CORRECTION LAST WEEK'S GRADE A AVERAGE SHOULD HAVE BEEN \$1.3000 (-.0210).

BUTTER MARKETS

APRIL BUTTER PRODUCTION

During April, U.S. butter production, totaled 138.6 million pounds, 2.5% lower than last April and slightly lower than March. April butter production by geographic regions of the country has output in the Atlantic region 5.7% higher than last April, 16.5% lower in the Central region, and 9.0% higher in the West.

NORTHEAST

CME Group butter prices have made some marginal increases, since declining \$.0775 in 7 consecutive sessions and closed Tuesday at \$1.5600, up \$.0025. Cream supplies were more readily available coming off the holiday weekend, resulting in some increased butter production. Production of bulk butter increased adding to inventories. Export interest has weakened as the U.S. dollar strengthened against other currencies. Demand for cream is expected to pick up as Class II production increases after the Memorial Day holiday. Prices for bulk butter range 6-8 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

The CME cash butter price continued to fractionally gain strength daily during the past 5 trading sessions to settle at \$1.5625 at midweek. Butter producers and handlers are not overly surprised at the strength and anticipate that butter prices will remain firm well into the fall. Churning activity remains seasonally active, although cream supplies are becoming more competitive. Class II demand, especially for ice cream needs, is gaining momentum now that the Memorial Day holiday is past and ice cream and mix production resume. This is typically the time of year when cream supplies tighten for churning. Earlier than normal hot temperatures in the Central part of the country are occurring and ice cream producers are anticipating these conditions will spur ice cream

demand and sales. Butter orders are slow this week as buyers assess their holiday carry over inventories before re-ordering. Food service buyers in some resort and vacation areas are placing heavier orders as the summer vacation season begins. Current spot bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Wednesday's butter trading at the CME Group continued the week's price advance as the market was \$.0025 higher to \$1.5625. Sales at the Group have been very light as most advances were the result of higher bids over the last four trading sessions. Prices continue to trade in a range around the \$1.50-\$1.60 level. Sales remain good to retail and grocery accounts at these prices. Production schedules were increased at many churns over the weekend. Extra supplies of cream were available as Class I and II needs slowed for the holiday break. Increased churning was welcomed at most facilities. Butter manufacturers are hoping to increase inventories for immediate needs and to hold for use later in the summer. Export demand has softened as European Intervention stocks are expected to be tendered soon. The strong U.S. dollar has foreign manufacturers in a better position for immediate sales. Domestic sales remain good. According to the NASS Dairy Products report, April butter production for the U.S. totals 138.6 million pounds, down 2.5% or 3.6 million pounds from April of last year. Production was nearly equal with last month's production. Prices for bulk butter range from flat to 3.5 cents under the market, based on the CME with various time frames and averages used. According to the CME Group, weekly butter stocks in CME approved warehouses decreased 0.5 million pounds last week to stand at 60.5 million pounds. This total compares to 94.1 million pounds in 2009 and 134.0 million pounds in the comparable week in 2008. Stocks in storage for this week at the CME Group have been above this level since 1998.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
MAY 29	1,4325 11,049,324	1,4544 10,790,475	1,2878 12,427,751	1,5858 7,189,177	0,3701 10,806,694

Further data and revisions may be found on the internet at: <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1450>

NORTHEAST

CHEESE MARKETS

WEST

The CME Group cheese prices continued to decline Tuesday with barrels closing at \$1.4300, down \$.0300 and blocks closing at \$1.4375, down \$.0275. Barrels have declined \$.0600 in the last 2 trading sessions, while blocks have declined \$.0625 in the last 4 sessions. Cheese production continues at increased levels following the seasonal increase in milk production. Strong mozzarella sales, prompted by national features, have kept production schedules very active. Cream cheese production also continues to be quite active.

Cheddar Barrels on Wednesday at the CME Group closed down \$.0175 at \$1.3825. 40 Pound Blocks were \$.0125 lower to close at \$1.4250. Barrels have lost \$.0775 since last Friday. After holding briefly at the \$1.5000 level last week, Blocks sustained five days of lower prices. As the price began to retreat, sales volumes increased at the CME Group. The last four sessions had sales of 18 loads of Blocks and 19 loads of Barrels. Western cheese manufacturers were operating heavy schedules for the Memorial Day Holiday weekend. As schools prepare to let out for the summer, more milk was available to processors and balancing plants. Extra supplies were not an issue at most plants. Cheese production is above year ago levels, yet sales to contracted customers remain good. With production levels up, some spot buyers are hoping to find product at reduced prices and are waiting to see where the market will stabilize. Strength of the U.S. dollar has cut into export interest, although CWT assistance continues to move some product into those channels. According to the NASS Dairy Products report, total cheese production in the U.S. in April reached 862.8 million pounds, up 1.8% or 15.2 million pounds from last year.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 40# Block	:	1.8175-2.0925
Process 5# Sliced	:	1.5500-1.8600
Muenster	:	1.8375-2.0350
Grade A Swiss Cuts 10 - 14#	:	2.9675-3.2900

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5825-1.8400
Cheddar 40# Block	:	1.6225-1.9750
Cheddar 10# Cuts	:	1.8025-2.0225
Monterey Jack 10#	:	1.8125-1.9725
Grade A Swiss Cuts 6 - 9#	:	2.5150-2.9450

MIDWEST

The cheese market continues to decline on the CME Group cash cheese market. The lower CME Group prices have some buyers waiting for prices to again "hit bottom" before reordering. Cheese production is near annual peak levels as milk volumes within and moving into upper Midwest plants are ample. As schools close for summer, more milk is also returned to manufacturing. Current offerings are ample on most regular varieties with sale staffs taking orders to produce specialties with normal lead times. At least a couple extra retail promotions are providing overtime at a few packaging and/or process operations, mainly store brands. Other operations are just making up for operating time lost by the holiday. Mozzarella interest is steady to mostly lighter as more schools and colleges close for the summer. Grilling pizza at home has not become a summer staple and warmer weather usually slows oven use. Through June 1, the CWT export program has committed to assist in the export of a total of 34.9 million pounds of cheese since March 18. On May 27, CWT announced the tenth cow elimination program as even supplemented exports with a very strong U.S. Dollar compared to other currencies becomes more expensive.

FOREIGN

The CME Group block price closed Tuesday at \$1.4375, declining \$.0275 and has declined \$.0625 in the last 4 trading sessions. Despite the recent declines, the weekly average CME Group block price rose \$.0100, raising prices for domestic varieties of foreign type cheese, with the exception of Swiss Cuts. Swiss cheese production has increased as a result of the seasonal milk production increase. Wholesale Swiss sales have kept pace with production, but have not decreased inventories.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.8000-2.0000
Brick And/Or Muenster 5#	:	1.9900-2.0000
Cheddar 40# Block	:	1.8300-2.5650
Monterey Jack 10#	:	1.9200-2.5650
Blue 5#	:	2.3400-2.7100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8350-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.3400-3.3300

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:		
Blue	:	2.6400-5.3900	1.9575-3.4450*
Gorgonzola	:	3.6900-6.6900	2.4600-2.7200*
Parmesan (Italy)	:	-0-	3.3650-3.5675*
Provolone (Italy)	:	3.4400-5.9900	2.0000-2.1575*
Romano (Cows Milk)	:	-0-	3.1475-5.2900*
Sardo Romano (Argentine)	:	2.8500-3.6900	-0-
Reggianito (Argentine)	:	3.2900-3.5300	-0-
Jarlsberg-(Brand)	:	2.9500-4.6900	-0-
Swiss Cuts Switzerland	:	-0-	3.0600-3.3825
Swiss Cuts Finnish	:	2.5900-2.8500	-0-

* = Price change.

**WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
		:	
05/31/10	9,250	:	125,256
05/01/10	10,944	:	131,509
CHANGE	-1,694	:	-6,253
% CHANGE	-15	:	-5

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	334	0	287	0	238
SOUTHEAST STATE	0	0	0	0	0	0

Milk production is increasing in the Northeast, while near peak production levels are being sustained in the Mid Atlantic region. Heavy manufacturing milk supplies kept most nonfat dry milk dryers on low heat production in order to clear increased milk volumes. No major breakdowns occurred at balancing plants, preventing excessive unloading delays. Recent heat and humidity in the East reduced milk components, but only marginally reduced milk production in some areas. Production declines are being noted in the Southeast region, caused by extended spells of heat and humidity. Tennessee, Kentucky and the Carolinas have seen the most significant decreases in production. Manufacturing milk supplies are heavy following the holiday weekend with cheese plants running fairly heavy schedules to help clear milk volumes. Florida has maintained near steady milk production and exported the highest number of loads to date with 334 loads moving out of state. Most Florida schools are scheduled to conclude classes next week and as a result bottling plants will begin to scale back production at week's end. Cream supplies were more readily available coming off the holiday weekend. Demand for cream is expected to increase as class II production increases and cream cheese production remains fairly active. Cream multiples are steady to firm and mostly in a range of 135-141, with some above and below the range. Increased amounts of condensed skim went to the dryers over the holiday weekend, as manufacturing milk supplies increased. Additional volumes of condensed skim are being pulled through contracts by Class II users. Class I demand has declined as numerous schools and universities have or will soon shut down for summer break/vacation.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.0958-2.1890
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.9872-2.0959

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:		
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.30 - 1.35
NORTHEAST - CLASS III - SPOT PRICES	-	1.00 - 1.05

M I D W E S T

Class I demand was mostly lighter, between retail customers that loaded up during features last week and more schools closing for summer and/or the irregular end of year schedules at other schools. Heavy volumes of milk backed up into manufacturing channels over the long holiday weekend and discounts were severe on last minute loads. Last week, reports indicated discounts may have reached as low as -\$4.00 (some -\$3.00 actual) but prices have firmed up closer to class this week after the holiday, with a few fractional premiums even noted for this weekend. Most plants had time this week to get silos and trucks emptied before the weekend. Buyers looking for milk did not have to make many calls to acquire additional supplies. Trucks/truckers remain tight but in better shape than last week. By midweek, supplies remained long but down from weekend levels as plants worked on emptying silos and trucks. Depending on the operation, demand was stronger for cream from ice cream accounts after the holiday weekend. For some, ice cream mix production is up sharply compared to regular ice cream. Orders for other Class II products were lighter. Churning was generally more active over the

holiday weekend as many other cream users closed for an extra day or two. Milk intakes are very close to the peak though, as usual, operations should be able to pinpoint the dates after the fact. Currently, intakes in northern tier states reportedly range from steady to slightly higher. Recent hot spells (temps in the 90's) were generally offset by relatively cool nights. Further south, where heat has occurred longer, more milk receipts are on the decline. Much of first cutting alfalfa has been packed and stored for later use with good regrowth. Planting has slowed as most fields have been planted except for very wet fields or until after a first cutting (hay/haylage) has been taken before planting. Corn growth has accelerated where recent heat with some cultivators already used.

W E S T

The May 2010 4a price (butter/powder) in CALIFORNIA is \$13.95, up 46 cents from April and \$3.92 higher than last year. The May 2010 4b price (cheese) is \$12.40, 10 cents higher than April and \$2.86 higher than last year. According to the NASS "Agricultural Prices" for May, mid-month U.S. prices for baled alfalfa hay were \$121/ton, \$16/ton less than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$125, -\$25; California \$123, -\$3; Colorado \$125, -\$35; Idaho \$97, -\$31; Nevada \$93, -\$57; New Mexico \$153, -\$30; Oregon \$131, -\$26; Utah \$95, -\$50; and Washington \$125, -\$25. CALIFORNIA milk production is following trends of recent weeks. Milk was handled fairly well over the holiday weekend, especially considering the effects of a dryer fire at a plant in the state. Indications are that milk was overall handled well, despite the incident. Plant capacity is greater than in past years and also milk output in California is only at year ago levels. More alfalfa and grass hays are being harvested and moving to dairies. ARIZONA milk output is holding mostly even. Temperatures are moving towards 100 degrees, but not impacting cows at this time. Heat abatement measures are in place and humidity levels are low. Several smaller plant issues impacted milk processing over the holiday weekend and made placing milk more challenging than planned. Issues were resolved and processing returned to normal. Class I utilization is unsettled with some changes of retail accounts. School orders have slowed to summer levels. Retail ordering is flat. Western CREAM markets are firming in price and tone. Some buyers are resisting higher California Class 2 and 3 prices which increase 18.4 cents to \$1.6469 per pound of fat for June/July. However, demand is fair to good from others and into butter plants. CME butter prices moved slightly higher and closed at \$1.5625 at midweek, up 1.25 cents from a week ago. Cream multiples range from 115-135 and vary due to class usage and basing points. Milk production levels in the PACIFIC NORTHWEST continue to build in a normal seasonal pattern. The Memorial Day holiday caused some increased activity at manufacturing facilities in the region as Class I needs were reduced. Plants were able to handle the increased volume with no need to transport product out of the area. Spring rains are delaying harvest of baled alfalfa, but chopping of fresh forage has helped to increase milk production at the farm. Warmer, dry weather would be welcomed to advance harvesting of forages. UTAH and IDAHO weather continued cool and wet in many cases. Forage crops are reported to be 1-2 weeks behind schedule. Eastern Idaho hay crops are shorter than normal and quality is becoming a concern for first crop. Western Idaho reported sales of Supreme quality dairy hay selling at \$135.00/ton. Milk production is following seasonal trends with no handling difficulties reported over the holiday weekend. Sales of dairy heifers at auction in Idaho were steady to weak. One auction reported top heifers at \$1400, with top 50 average price at \$1327.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices for Central nonfat dry milk are unchanged to slightly lower in a transitional market. Information from the June 1, 2010 global DairyTrade auction showed skim milk powder prices decreased about 6.2% from the previous auction. Uncertainty also exists regarding the effect of EU intervention stocks being released. Also, domestic NDM production is active and farm milk production levels are often reported as steady across the Northern tier of states, allowing for continuing strong NDM production. Various resellers indicate demand is quiet, with some end users having already filled needs for the next few weeks. Some Western product is moving into the Central region at delivered prices within the Central range price series. NDM production at a few locations is stepping down moderately from holiday weekend levels that had responded to increased availability of fluid milk loads during that three day period. Active sales of condensed skim continue. Most plants report intakes being processed without turning away loads, but some haulers are waiting a few hours for access to the unloading bays. NDM low heat inventories are reportedly higher after the long running times over the holiday weekend, but high heat NDM inventories and production schedules are light. According to NASS, NDM production in the Central region totaled 16.8 million pounds during April 2010, 8.2% more than one month ago but 9.1% less than one year ago.

EAST: Nonfat dry milk prices are weaker for the low heat mostly range and firm for the high heat range. Manufacturing milk supplies were heavy over the holiday weekend and kept dryers operating at near capacity. Most production is of low heat NDM, but some plant managers have been able to schedule limited runs of high heat when milk volumes allow. Increased Class II production pulls of condensed skim is beginning to reduce drying schedules at some plants. Current production is filling contracts and adding to inventories. Spot market activity remains light coming off the holiday weekend. Export demand has weakened due to the stronger U. S. dollar. The weaker export market has limited domestic demand as potential buyers are waiting to see if building inventories will bring about lower prices. The latest NASS Dairy Products report indicates production in the Atlantic region totaled 25.4 million pounds, 16.7% of the nation's total. The Atlantic region production was 0.7% higher than one year ago, and 27.9% higher than one month ago. Month ending stocks, at 144.4 million pounds, are 19.8% below last year and 2.2% less than a month ago.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during April 2010 totaled 152.2 million pounds, up 11.0% from March 2010 production and 7.7% higher than April 2009. This is the highest April production level since 2003, when 160.0 million pounds of NDM were produced. Month ending stocks, at 144.4 million pounds, are 2.2% lower than a month ago and 19.8% lower than one year ago. Cumulative 2010 nonfat dry milk powder production totals 535.8 million pounds, compared to 562.9 million pounds in 2009, a 5% decrease in production. Month ending stocks, at 144.4 million pounds, are 2.2% less than one month ago and 19.8% less than one year ago. Production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 14.6 million pounds, 48.0% lower than one month ago and 41.3% lower than production one year ago. Cumulative 2010 skim milk powder production totals 85.0 million pounds, compared to 89.4 million pounds during the same time span in 2009, a 5% decrease in production.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.2800 - 1.3700 MOSTLY: 1.3000 - 1.3600
HIGH HEAT: 1.4000 - 1.4700

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are steady to slightly lower on the top end of the range. The market tone is steady to unsettled. Demand is fair at best for current offerings. Export volumes and prices are trending lower for new business. Domestic accounts are often taking less NDM. Exports are slowing as a result of curtailing demand with EU Intervention stocks being assessed and the stronger U.S. Dollar making exports more expensive. There was a dryer fire at a plant ahead of the holiday weekend and the severity of the damage and milk/components handling are being assessed. The impact ahead of a holiday weekend in past years could have been catastrophic, but with lower milk production and increased plant capacity, handling extra milk and components did well considering the issues. High heat prices are mostly steady to slightly lower on the top of the range. There is little spot activity taking place. Contract shipments are often delayed. Stocks are light.

DAIRY PRODUCTS: U.S. NDM production in April 2010 totaled 152.2 million pounds, 7.7% higher than last year. Cumulative YTD output through April totals 535.8 million pounds, down 4.8% from the same period in 2009. NDM production in the Western region in April totaled 110.0 million pounds, up 12.6% from last year. The West produced 72% of the U.S. total in April. U.S. manufacturers' stocks of NDM at the end of April were reported at 144.4 million pounds, 19.8% lower than a year earlier and 2.2% lower than March. U.S. skim milk powders (SMP) production in April totaled 14.5 million pounds, 41.3% less than last year.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.2100 - 1.3500 MOSTLY: 1.2600 - 1.3200
HIGH HEAT: 1.2700 - 1.3750

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices are unchanged to higher. Interest remains active for dry buttermilk. Churning is at seasonal levels but some producers are limited on the production side of dry buttermilk because of steady to higher demand for condensed buttermilk loads.

EAST: Dry buttermilk prices are increasing with continuing tight supplies. Most supplies are moving through contracts with very little available for the spot market. Marginal increases were noted in butter and dry buttermilk production coming off the holiday weekend. Condensed buttermilk sales to ice cream plants continue to limit dry buttermilk production. The shortage of available supplies is forcing users to opt for product alternatives.

DAIRY PRODUCTS: NASS *Dairy Products* reports production of dry buttermilk during April 2010 totaled 6.6 million pounds, 9.0% less than March 2010 production, but 22.8% more than production one year ago. Cumulative 2010 dry buttermilk production totals 30.9 million pounds, 22.3% more than during the same time span of 2009. Month ending stocks of dry buttermilk, at 8.3 million pounds, are 13.8% lower than one month ago but more than double the stock levels of one year ago.

F.O.B. CENTRAL/EAST: 1.2800 - 1.3700

CONTINUED ON PAGE 5A

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

CONTINUED FROM PAGE 5

DRY BUTTERMILK - WEST

Dry buttermilk prices and the market tone are steady to firm in a thinly traded test. Offerings have slowed to the limited spot interest with most current production moving to contracted business. Production levels are steady to lower and reflect fluctuations in the butter making schedules and available dryer time over the holiday weekend and times afterwards. Buying interest is on the slow side and reflective more so of the limited supply than demand factors. Buyers looking for dairy proteins are finding replacement options of nonfat dry milk, condensed skim, and some 34% whey protein concentrates. Stock levels are light.

DAIRY PRODUCTS: Buttermilk powder production in April 2010 for the U.S. totals 6.6 million pounds, up 22.8% from last year. Buttermilk stocks at the end of April are 8.3 million pounds, over twice the level a year ago but 13.8% lower than last month.

F.O.B. WEST: 1.2400 - 1.3000 MOSTLY: 1.2500 - 1.2900

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 28	\$1.2770	5,742,753	0
May 21	\$1.2350	6,320,323	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

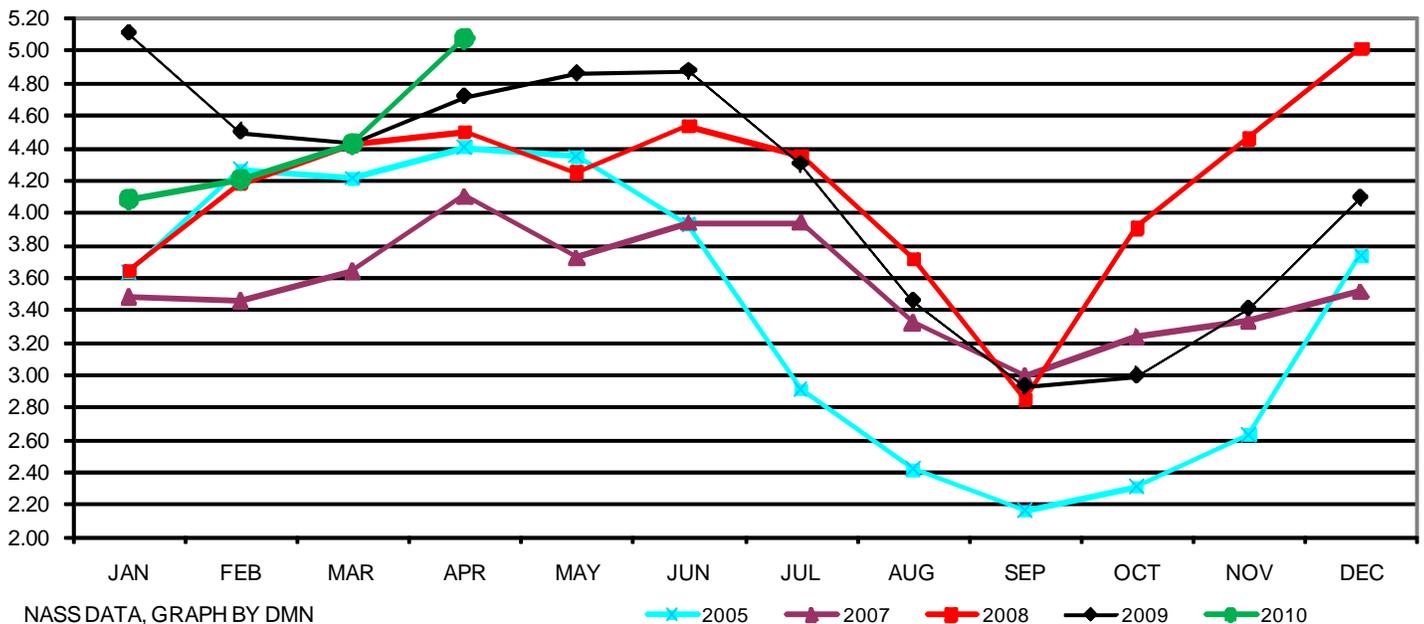
DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are higher on a firmer market. Production is lower at most plants as seasonally higher farm milk intakes needing timely processing allow limited opportunities to schedule dry whole milk production. Interest is steady to higher, and some market participants are scouting for plants able to make dry whole milk to order. The latest Oceania auction results show international prices trending lower in the near term. New Zealand regular dry whole milk winning prices per pound for the various contract periods and percent change in price from the previous auction are: Contract 1, \$1.8189, -1.5%; Contract 2, \$1.7010, -2.6%; Contract 3, \$1.6398, -7.1%. New Zealand offered quantities for the three contract periods were 5,000 MT, 8,000 MT and 8,000 MT, respectively.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during April 2010 totaled 3.8 million pounds, down 41.1% from March 2010 but 27.8% more than April 2009. Cumulative 2010 production totals 21.0 million pounds, a 44.5% increase from 2009 production.

F.O.B. PRODUCING PLANT: 1.5500 - 1.6700

DAILY AVERAGE U.S. NDM PRODUCTION



WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

The Central dry whey mostly price series is unchanged, although some market participants indicate a mixed undertone is developing in the market. Contract load shipping is steady. Buyers and sellers report improved availability of spot loads of whey in the region. Buyer interest, though, is tepid, despite offerings carrying lower or no premiums to the market. Some buyers cite an expectation of downward price pressure in the near term as a reason for foregoing purchases despite some pricing incentives appearing in the market. This expectation is reportedly over concerns of the fate of pending shipments destined for China, while regional dry whey production continues apace. Dry whey sales into various export markets are moving with the help of price discounts. Some buyers are content with stocks on hand, having bought sufficient product to cover dry whey needs for the near term. With a price difference of more than 5 cents between the Central and West dry whey markets, some Central dry whey is moving into the West. ANIMAL FEED DRY WHEY prices are unchanged to slightly lower with mixed demand.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN AND ANIMAL dry whey during April 2010 totaled 90.8 million pounds, 1.9% lower than March 2010, but 9.1% higher than production 1 year ago. Cumulative 2010 dry whey production is 8.6% higher than 2009 production, totaling 347.5 million pounds. April ending stocks of HUMAN FOOD dry whey totaled 50.4 million pounds, 6.6% higher than 1 month ago and 22.2% higher than April 2009. ANIMAL FEED dry whey month ending stocks totaled 2.3 million pounds, 29.0% lower than one month ago but more than double the stocks of one year ago.

F.O.B. CENTRAL: .3100 - .3700 MOSTLY: .3250 - .3650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2425 - .3150

DRY WHEY - NORTHEAST

Prices for dry whey are steady to weak with a marginal decrease on the upper end of the range. Cheese and dry whey production are steady at increased seasonal levels. Export demand has weekend due to the stronger U. S. dollar and unsettled trade agreements with China. Domestic demand remains fairly good with increased volumes of product being pulled through contracts. Supplies in the Northeast remain fairly tight and spot market activity remains light coming off the holiday weekend. The latest NASS Dairy Products report shows production of dry whey for human consumption in the Atlantic area totaled 21.8 million pounds, or 25.4% of the nation's total for April of 85.6 million pounds. The Atlantic area's production is 9.6% higher than one month ago and 3.1% higher than production one year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3550 - .3875

DRY WHEY - WEST

The Western whey market showed some weakness for the first week of June. Prices for the range were steady, and prices for the mostly series were weaker on the lower end of the range. Domestic prices remain mostly steady. Contract sales are the bulk of the trade with limited sales of spot loads. The market tone is unsettled as negotiations with the Chinese government continue as to accepting U.S. dairy products. Production of whey is above year ago levels and there was increased drying over the holiday weekend. Buyers are keeping an eye on stocks to see if additional product will be offered in coming weeks. According to the NASS *Dairy Products* report, edible whey production in April totals 85.6 million pounds, up 7.7% or 6.1 million pounds compared to April 2009. The Western region produced 22.1 million pounds of whey in April, up 23.3% from last year. The West produced 25.9% of the whey in the U.S. in April. Cumulative total dry whey production for the year in the U.S. is 347.5 million pounds, up 8.6% or 27.4 million pounds from the same period in 2009. Manufacturers' stocks at the end of April for edible whey are 50.4 million pounds, up 22.2% or 9.2 million pounds from last year.

NONHYGROSCOPIC: .3450 - .4275 MOSTLY: .3725 - .4150

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The whey protein concentrate 34% market is mixed. Some spot loads of product from manufacturers that generally are too heavily contracted to send loads to that venue did clear at prices that included premiums to the market, while other buyers report making purchases in which premiums have backed down moderately. Some end users are still finding nonfat dry milk that offers an economic advantage to WPC 34%. As a few WPC 34% manufacturers adjust production streams or work through temporary mechanical issues, some end users are seeking out sources of as yet uncommitted product to meet needs for the balance of the year.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during April 2010 totaled 20.0 million pounds, 5.8% less than March 2010 production and 5.4% less than production of one year ago. It is the lowest April production total ever reported by NASS, with those records dating back to 2003. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 22.5 million pounds, 7.9% less than March 2010 but 9.0 more than April 2009. Cumulative 2010 HUMAN WPC (25.0%-49.9% PROTEIN) production through April, 80.3 million pounds, is 7.2% lower than 2009 production through the same time span.

F.O.B. EXTRA GRADE 34% PROTEIN: .8800 - 1.0000 MOSTLY: .9100 - .9600

LACTOSE - CENTRAL AND WEST

The lactose market is steady to fractionally lower with spot market interest described as quiet. As June production enters the post production testing phase, there is some concern about how to manage upcoming contract shipments destined for China. Third quarter negotiating is continuing, although finalizations are still a week or two away for many trading partners. Some producers are focusing more strongly on volume agreements with pricing determined on a load by load basis as shipping dates approach. Production is uneven, with some manufacturers reporting equipment maintenance/modernization projects are reducing various facilities' outputs. Shipping volume adjustments to some buyers' contracts are being made to accommodate the lower production.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN AND ANIMAL lactose production during April 2010 decreased 3.0% compared to March 2010 to 71.6 million pounds but was 23.2% higher than April 2009 production. This is the highest April production ever shown by NASS reports. Cumulative 2010 lactose production totals 276.0 million pounds, 20.9% more than during the same time span in 2009. Month ending stocks, at 73.5 million pounds, are 9.7% more than one month ago, but 0.6% lower than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2200-.3900 MOSTLY: .2950-.3600

CASEIN - NATIONAL

Casein markets and prices remain firm. Conversations between suppliers and buyers continue to center around product availability. At this point, suppliers are indicating that they will meet commitments. The Oceania casein production season did not attain projected levels, but suppliers remain optimistic about their supply situation. Some juggling of delivery schedules might be needed once stocks get low and the new production season has not yet resumed. In Europe, the production season is well underway and for the most part, suppliers are stating that production is basically on track with projections. Some European suppliers are stating that their 2010 season may be lighter than previous years, but continue to indicate that contractual commitments will be filled.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.6000 - 4.2000
ACID: 3.6000 - 4.1500

EVAPORATED MILK - NATIONAL

Canned evaporated milk production during April 2010 totaled 38.5 million pounds, a 2.7% decrease in production from March 2010 and 10.2% below April 2009. Manufacturers' end-of-month stocks totaled 89.4 million pounds, 16.2% higher than last month and 25.4% higher than one year ago.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 31 - JUNE 4, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 05/28/10	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	4,639,010	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	4,639,010	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfat	-0-	-0-	-0-	132,276	243,589,864	-0-	-0-
TOTAL	-0-	-0-	-0-	132,276	243,589,864	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 31 - JUNE 4, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	0.8	44.0
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	154.7	2,835.9
CUMULATIVE JAN. 1 - JUNE 4, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	129.5	1,502.4

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
 **Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 31 - JUNE 4, 2010 (POUNDS)

REGION	BUTTER		CHEESE		NONFAT DRY MILK	
	BULK	BLOCK	BARREL	NONFORTIFIED		
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/09 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	4,639,010	-0-	-0-	132,276	243,589,864	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	4,639,010	-0-	-0-	132,276	243,589,864	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk \$1.05 per pound
 CHEESE 40# Blocks \$1.13 per pound; 500# Barrels \$1.10
 NONFAT DRY MILK \$.80 per pound

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/15/10 & Comparable Week 2008

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2010-Dairy	N.A.	0.6	6.9	2.1	19.1	3.6	0.2	N.A.	15.5	3.0	52.4	1,093.6	41.1	44.7
2009-Dairy	N.A.	0.5	6.6	2.3	14.6	3.5	0.3	N.A.	14.6	3.6	47.6	1,121.4	43.1	48.1
2010-All cows	N.A.	0.7	8.7	13.9	34.0	22.9	15.3	N.A.	21.2	6.9	127.6	2,444.6		
2009-All cows	N.A.	0.6	8.4	12.2	28.4	18.0	14.5	N.A.	17.4	7.0	110.4	2,332.0		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CANADIAN DAIRY BREEDING FEMALE IMPORTS

WEEK ENDING	WEEKLY TOTAL	2010 CUMULATIVE TOTAL	SOURCE: USDA, APHIS
MAY 22	171	5,753	

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2006	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29	12.32	12.84	13.47
2007	13.56	14.18	15.09	16.09	17.60	20.17\$	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98

FEDERAL MILK ORDER CLASS PRICES FOR 2010 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.03	14.84	14.34	13.22	13.80	15.28						
II	15.22	15.65	14.46	13.78	14.90							
III	14.50	14.28	12.78	12.92	13.38							
IV	13.85	12.90	12.92	13.73	15.29							

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points." \$ Revised

ORGANIC DAIRY MARKET NEWS

Information gathered May 24 - June 4, 2010

ORGANIC DAIRY FLUID OVERVIEW

Milk production remains seasonally strong. From east to west, organic dairy processors report May sales stronger than a year ago. The strength of organic dairy sales reported by processors during the higher milk production season continues the trend of recent months, a stronger trend than had generally been expected earlier in 2010 when many processors made projections for the year. There is growing confidence that organic dairy sales have reliably resumed increasing - slower percentage increases than past years - but distinct increases nevertheless. This new trend if it continues, will result in breaking away from recent instances of sales stagnation and/or declines.

The noticeable shift in organic milk advertising this two week period to 8 ounce aseptic containers of milk, is observed to have at least two motivating factors. First, some manufacturers commented that this organic milk product is one of the "best moving" products among all organic dairy products. It is particularly popular with kids and thus, parents of kids. Even as the Summer season is beginning and schools are winding-down the end of the school year, manufacturers view advertising of 8 ounce organic milk containers now as beneficial to maintaining sales looking toward classes resuming in the Fall. Manufacturers are aiming to keep the popular container stocked in home refrigerators, even if it is being less included in lunches sent to school now that school is out. This is expected to help maintain demand that will continue into the new school year.

The second reason for emphasis on this product relates to its longer shelf life than with traditional half gallon and gallon containers of organic milk. Even if half gallons and gallons may have a shelf life of 14 to pushing 30 days in some cases, milk in aseptic packaged containers do not require refrigeration and have a much longer shelf life. Thus, increasing stocks of organic 8 ounce aseptic milk containers helps store the higher volume of milk produced during this time of year.

Organic cream also remains somewhat tighter than several weeks and months ago. Cream demand has trended higher through May. This trend was partly driven by seasonal manufacturing such as for organic ice cream, but also by some manufacturers who are increasing churning to build organic butter inventories. More of the increased churning is occurring with manufacturers who have organic cream available internally and elect to reduce spot sales to outside buyers to supply other butter or ice cream manufacturers. This reduction in the volume of cream offered on spot markets leads to the tightness commented upon.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON:

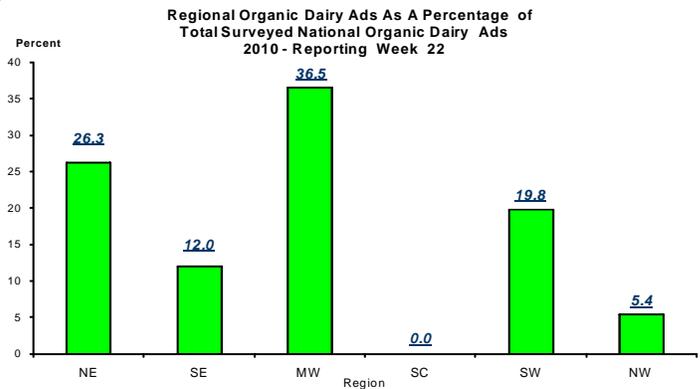
Leading into the beginning of June Dairy Month, the number of surveyed newspaper ads containing organic dairy content was at one of the lowest levels of 2010. For the period May 22, 2010, through June 4, 2010, ads with organic dairy content fell to 2,186 of 9,150 surveyed ads, down from 3,744 ads two weeks ago. The most obvious factor is the significant decline in ad numbers for half gallons of organic milk coupled with lower numbers for gallons. Ads for organic yogurt in various sized containers also declined.

An offsetting factor is the significant number of ads for 8 ounce cartons of aseptically packaged milk - cartons that do not require refrigeration and which give milk a longer shelf life than milk requiring refrigeration. Even with school year ending, manufacturers view current enhanced promotion of 8 ounce milk over the Summer as contributing to maintaining popularity of the product leading toward the new school year in several months.

Regional Organic Dairy Ad Trends - Current Period. Organic dairy content in Midwestern and Northeast weekly supermarket ads continued to lead all regions, as was the case two and four weeks ago. The Northeast had 26.3% of organic dairy ads and the Midwest, 36.5%. For the first time ever, not only during 2010, but also 2009 dating to when this Report began delineating regional percentages, there were zero organic dairy ads in a region - in this instance, the South Central Region.

While often in the lower tier of regions advertising organic dairy by percentage, the South Central Region has ranked as high as third. Thus, finding zero organic dairy ads is unexpected. Regional observers believe that the overall decline in ads for half gallons coupled with manufacturers of 8 ounce milk

containers not having active marketing participation agreements in the region, resulted in no ads being in the region. Typically the region has a low or non-existent level of yogurt advertising. The organic dairy ad percentage for other regions is: Southwest, 19.8%; Southeast, 12.0%; and Northwest, 5.4%.



Product Emphasis. Individual store ads may contain more than one type of organic dairy featured item, or multiple brands of the same item and size. Thus, numbers shown below for product emphasis exceed total organic ad numbers.

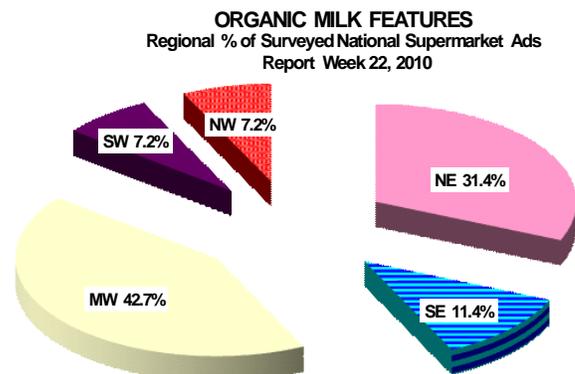
The trend of the last eight weeks with organic milk and yogurt alternating being first and second in ad placements continues. Organic yogurt narrowly leads with 1,668 ad placements compared with organic milk, 1,642.

Organic milk ad placements dramatically changed emphasis this week. 66% of ads were for 8 ounce aseptic containers of organic milk, which are labeled "shelf stable" and which require no refrigeration until opened. A number of convenience stores in particular, place these containers in coolers as well as in non-refrigerated locations, believing that sales are enhanced depending on a buyer's motivation. Nevertheless, refrigeration prior to opening is not required with aseptic packaging.

While half gallons of milk dominated the milk category two weeks ago with 1,274 placements, the rise in aseptic packaged 8 ounce containers, numbering 1,090 this week, was well above half gallons (140) and gallons (412) this week.

The greatest concentration for organic yogurt placements remains 6 ounce yogurt, which has dominated for a number of weeks. There were 862 ads for 6 ounce yogurt this two week period, slightly down from 946 two weeks ago but up from 600 four weeks ago. No ads for 5.3 ounce Greek Yogurt appeared in contrast with 588 two weeks ago. Other yogurt ads during these two weeks included 372 for 4 ounce baby yogurt; 331 for 32 ounce yogurt; 67 for 6 ounce yogurt smoothies; and 36 for 10 ounce yogurt smoothies.

Organic milk ads appeared in five of six regions - not in the South Central Region. The highest concentration of milk ads, 42.7%, appeared in the Midwest whereas two weeks ago the Southwest led with 33.2%. The other regions' current percentages of total national placements are: Northeast, 31.4%; Southeast, 11.4%; Northwest, 7.2%; and Southwest, 7.2%.

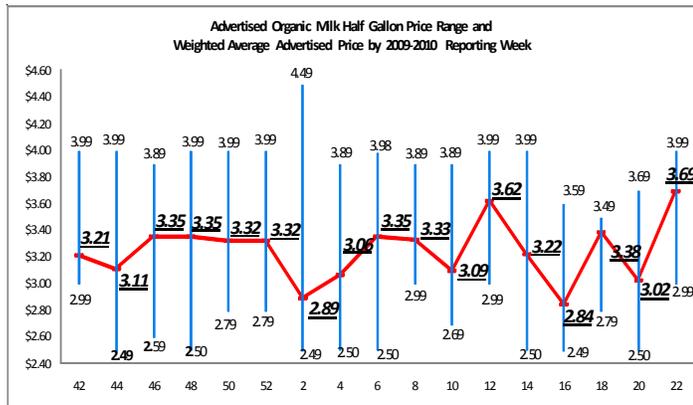


ORGANIC DAIRY MARKET NEWS

Information gathered May 24 - June 4, 2010

CONTINUED FROM PAGE 8

Half Gallons. The national weighted average advertised price for half gallons of organic milk increased to \$3.69, 67 cents higher than two weeks ago. All ads were in the Northeast and Midwest but not in the other four regions. This is the highest weighted average advertised price since last fall when this price series was first tracked. The top of the range increased 30 cents to \$3.99 while the bottom increased 49 cents to \$2.99. A factor in the magnitude of price increase may be the very low number of ads for organic milk half gallons – the lowest since this series began.

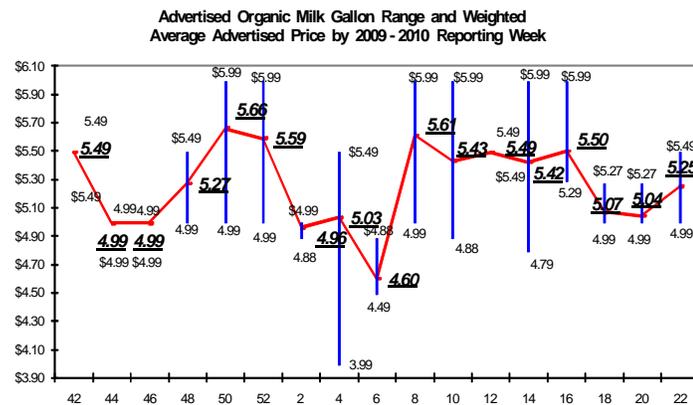


The following table shows the percentage of national half gallon organic milk ads by region and the regional weighted average advertised price.

HALF GALLON ORGANIC MILK ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE
NE	82.8	3.84
MW	17.2	2.99

Gallons. The national weighted average advertised price for organic milk gallons increased 21 cents to \$5.25 while the bottom of the range remained unchanged at \$4.99 and the top increased 22 cents to \$5.49. There were 412 ads for gallons, 25.1% of all organic milk ads.



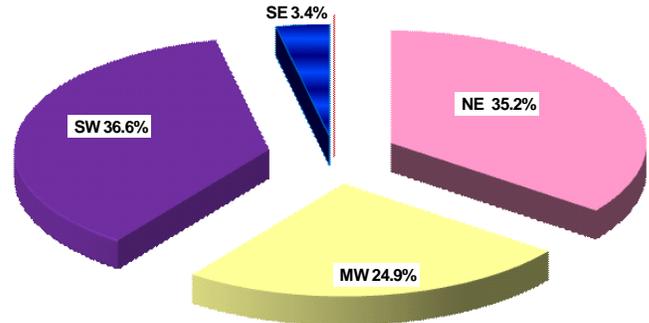
The following table shows the percentage of national gallon organic milk ads by region and the regional weighted average advertised price.

GALLON ORGANIC MILK ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

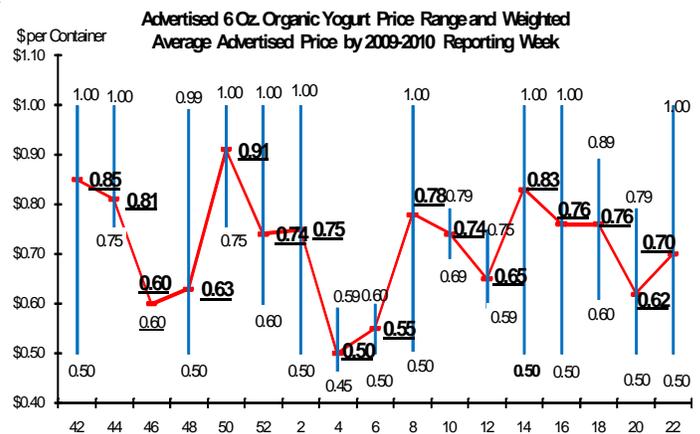
REGION	%	WTD. AV. ADV. PRICE
NE	72.3	5.16
MW	26.7	5.49
SE	01.0	5.16

Yogurt. The Northeast and Southwest lead all regions in yogurt ad placement; 36.6% in the Southwest and 35.2% in the Northeast. Yogurt placements in other regions as a percentage of total placements nationally include the Midwest, 24.9% and Southeast, 3.4%. There were no organic yogurt ads in the South Central Region or the Northwest.

ORGANIC YOGURT FEATURES Regional % of Surveyed National Newspaper Ads Report Week 22, 2010



Weighted national average advertised organic yogurt prices in 6 ounce containers increased 8 cents to 70 cents. The bottom of the range is unchanged at 50 cents while the top increased 21 cents to \$1.00.



The following table shows the percentage of national 6 ounce yogurt ads by region and the regional weighted average advertised price.

6 OUNCE ORGANIC YOGURT ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE
MW	36.8	0.68
SW	36.4	0.69
NE	26.3	0.74
SE	0.5	0.69

Butter. Organic butter in 1 pound boxes was all listed at \$4.99, all in Southeast ads.

Sour Cream. Organic sour cream in 16 ounce containers were all published at \$2.59. All ads were in the Midwest.

Cottage Cheese. All 24 cottage cheese ads were in the Midwest and priced at \$3.99.

Cream Cheese. All ads for organic cream cheese were in the Midwest and were priced at \$2.69.

No ads appeared for cheese or ice cream.

ORGANIC DAIRY MARKET NEWS

Information gathered May 24 - June 4, 2010

CONTINUED FROM PAGE 8-A

SUPERMARKET PRICE COMPARISON:

Madison Wisconsin Prices. Non-advertised organic milk sold in a range of food stores in Madison, Wisconsin is compared for this two week period. Prices are compared for organic milk in both 1 gallon and 1/2 gallon sizes of whole milk; reduced fat (2%); lowfat (1%); nonfat (skim); and 1/2 gallons of chocolate milk.

A selection of organic cheese varieties is also compared. Varieties include 8 ounce chunks of Mozzarella, Mild Cheddar, Monterey Jack, and Pepper Jack; as well as 6 ounce string cheese including Colby Jack and Mozzarella.

Madison stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market; and 2 natural food stores; a national discount big-box chain store also selling food; and a large local cooperative grocery store.

Milk available at Madison stores included 2 national brands, 4 private label store brands, and 3 small local or near-by creamery brands. Cheese available included 2 national brands, 2 store brands, and cheese from 5 other cheesemakers.

A table summarizing the survey results appears below.

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE

REPORT WEEK 22

MADISON, WI

	<u>LOW</u>	<u>HIGH</u>	<u>RANGE</u>
	(In Dollars)		
GALLONS:			
Whole	5.39	7.29	1.90
Reduced Fat (2%)	5.39	6.75	1.36
Low Fat (1%)	5.39	6.75	1.36
Nonfat (Skim)	5.29	6.75	1.46
HALF GALLONS:			
Whole	3.14	3.99	0.85
Reduced Fat (2%)	3.14	3.99	0.85
Low Fat (1%)	3.14	3.99	0.85
Nonfat (Skim)	3.09	3.99	0.90
CHOCOLATE HALF GALLON:			
	3.49	5.99	2.50
YOGURT – 6 OUNCE:			
	.79	1.59	.80
CHEESE – 8 OUNCE CHUNKS:			
Mozzarella	3.07	5.75	2.68
Mild Cheddar	3.79	5.75	1.96
Monterey Jack	3.49	5.69	2.20
Pepper Jack	3.89	5.69	1.80
CHEESE – 6 OUNCE STRING			
Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	5.09	1.20
BUTTER – 1 POUND:			
	4.59	7.05	2.46

Five Madison stores offered \$5.99 gallons, each a different brand. There was no similar pattern with half gallons.

Similar with two weeks ago, 30.4% of Madison's shelf placements were bottled 100 miles or less from Madison. 91.4% of Madison's shelf placements came from milk plants 375 miles or less away, compared with 91.4 two weeks ago.

NATIONAL ORGANIC GRAIN AND FEEDSTUFFS:

National organic grain and feedstuff prices were mostly lower with very little trading activity as demand was light.

Eastern organic grain and feedstuff prices were lower. Trading activity was slow, as dealers experienced difficulty finding potential organic buyers and heavier weight #2 yellow corn. Price levels for feed grade corn continue to broaden due to the poor quality and available supplies pressuring values.

Upper Midwest organic grain and feedstuff prices were slightly lower with limited trade. Light demand was reported, with continued heavy offerings of old crop wheat and corn in the market. The majority of the feed corn reported was in the range of \$4.00 - \$4.50, with heavy test weight corn seeing the higher end of the full price range.

Additional livestock and grain market news information is available at: www.ams.usda.gov/LSMarketNews.

MONTHLY SUMMARY AND AVERAGES FOR MAY 2010 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 18	:::REPORT NUMBER 19	:::REPORT NUMBER 20	:::REPORT NUMBER 21	:::REPORT NUMBER 22	::: 2010	::: 2009
	:::-----	:::-----	:::-----	:::-----	:::-----	::: Average	::: Average
	::: MAY 03 - 07	::: MAY 10 - 14	::: MAY 17 - 21	::: MAY 24 - 28	::: MAY 31 1/	::: or Total	::: or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	::: 1.7275 - 1.9075	::: 1.7350 - 1.9150	::: 1.7575 - 1.9400	::: 1.8000 - 1.9900	:::	::: 1.8466	::: 1.5143
-- Brick And/Or Muenster 5#	::: 1.8925 - 1.9600	::: 1.8925 - 1.9900	::: 1.9250 - 1.9900	::: 1.9900 - 1.9925	:::	::: 1.9541	::: 1.7601
-- Cheddar 40# Block	::: 1.8000 - 2.5650	::: 1.8300 - 2.5650	::: 1.8300 - 2.5650	::: 1.8300 - 2.5650	:::	::: 2.1938	::: 2.0985
-- Monterey Jack 10#	::: 1.8575 - 2.5650	::: 1.8575 - 2.5650	::: 1.8900 - 2.5650	::: 1.9200 - 2.5650	:::	::: 2.2231	::: 2.1199
-- Blue 5#	::: 2.1825 - 2.6800	::: 2.2325 - 2.7100	::: 2.2650 - 2.7100	::: 2.3300 - 2.7100	:::	::: 2.4775	::: 2.2614
-- Mozzarella 5 - 6#	::: 1.7275 - 2.6650	::: 1.7275 - 2.6650	::: 1.7600 - 2.6650	::: 1.8250 - 2.6650	:::	::: 2.2125	::: 2.1104
-- Grade A Swiss Cuts 6 - 9#	::: 2.3400 - 3.3300	::: 2.3400 - 3.3300	::: 2.3400 - 3.3300	::: 2.3400 - 3.3300	:::	::: 2.8350	::: 2.7794
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 40# Block	::: 1.7100 - 1.9850	::: 1.7100 - 1.9850	::: 1.7425 - 2.0175	::: 1.8075 - 2.0825	:::	::: 1.8800	::: 1.5533
-- Process 5# Sliced	::: 1.4600 - 1.7700	::: 1.4675 - 1.7775	::: 1.4900 - 1.8000	::: 1.5400 - 1.8500	:::	::: 1.6444	::: 1.3264
-- Muenster	::: 1.7300 - 1.9275	::: 1.7300 - 1.9275	::: 1.7625 - 1.9600	::: 1.8275 - 2.0250	:::	::: 1.8613	::: 1.5345
-- Grade A Swiss Cuts 10 - 14#	::: 2.9675 - 3.2900	::: 2.9675 - 3.2900	::: 2.9675 - 3.2900	::: 2.9675 - 3.2900	:::	::: 3.1288	::: 3.0300
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	::: 1.4925 - 1.7500	::: 1.5000 - 1.7575	::: 1.5225 - 1.7800	::: 1.5725 - 1.8300	:::	::: 1.6506	::: 1.3321
-- Cheddar 40# Block	::: 1.5150 - 1.8675	::: 1.5150 - 1.8675	::: 1.5475 - 1.9000	::: 1.6125 - 1.9650	:::	::: 1.7238	::: 1.4316
-- Cheddar 10# Cuts	::: 1.6950 - 1.9150	::: 1.6950 - 1.9150	::: 1.7275 - 1.9475	::: 1.7925 - 2.0125	:::	::: 1.8375	::: 1.5454
-- Monterey Jack 10#	::: 1.7050 - 1.8650	::: 1.7050 - 1.8650	::: 1.7375 - 1.8975	::: 1.8025 - 1.9625	:::	::: 1.8175	::: 1.5254
-- Grade A Swiss Cuts 6 - 9#	::: 2.5150 - 2.9450	::: 2.5150 - 2.9450	::: 2.5150 - 2.9450	::: 2.5150 - 2.9450	:::	::: 2.7300	::: 2.8313
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	::: 2.0511 - 2.1624	::: 2.0943 - 2.2231	::: 2.1594 - 2.2561	::: 2.1377 - 2.2327	:::	::: 2.1646	::: 1.5858
-- Upper Midwest - f.o.b	::: 2.0511 - 2.1147	::: 1.9976 - 2.1104	::: 2.1111 - 2.1755	::: 2.0269 - 2.1536	:::	::: 2.0926	::: 1.5446
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	::: 1.17 - 1.25	::: 1.17 - 1.22	::: 1.18 - 1.24	::: 1.20 - 1.30	:::	::: 1.2163	::: 0.8768
-- Class III	::: 1.00 - 1.05	::: 1.00 - 1.05	::: 1.00 - 1.05	::: 1.00 - 1.05	:::	::: 1.0250	::: 0.9085

MONTHLY SUMMARY AND AVERAGES FOR MAY 2010 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 18	:::REPORT NUMBER 19	:::REPORT NUMBER 20	:::REPORT NUMBER 21	:::REPORT NUMBER 22	::: 2010	: 2009
	:::-----	:::-----	:::-----	:::-----	:::-----	::: Average	: Average
	::: MAY 03 - 07	::: MAY 10 - 14	::: MAY 17 - 21	::: MAY 24 - 28	::: MAY 31 1/	::: or Total	: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.2075 - 1.3900	:: 1.2400 - 1.3800	:: 1.2800 - 1.4000	:: 1.2800 - 1.3700		:: 1.3184	: 0.8836
-- Mostly	:: 1.2400 - 1.3400	:: 1.2700 - 1.3500	:: 1.3000 - 1.3700	:: 1.3000 - 1.3700		:: 1.3175	: 0.8711
-- High Heat	:: 1.3500 - 1.4200	:: 1.3500 - 1.4500	:: 1.3700 - 1.4700	:: 1.3700 - 1.4700		:: 1.4063	: 0.9530
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.1500 - 1.4000	:: 1.1800 - 1.4200	:: 1.2100 - 1.4200	:: 1.2100 - 1.3600		:: 1.2938	: 0.8325
-- Mostly	:: 1.2200 - 1.3000	:: 1.2600 - 1.3200	:: 1.2600 - 1.3200	:: 1.2600 - 1.3200		:: 1.2825	: 0.8258
-- High Heat	:: 1.1900 - 1.3700	:: 1.2400 - 1.3700	:: 1.2600 - 1.3900	:: 1.2700 - 1.3800		:: 1.3088	: 0.9319
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3100 - 0.3700	:: 0.3100 - 0.3700	:: 0.3100 - 0.3700	:: 0.3100 - 0.3700		:: 0.3400	: 0.2436
-- Mostly	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650		:: 0.3450	: 0.2375
-- West (f.o.b.)	:: 0.3450 - 0.4300	:: 0.3450 - 0.4275	:: 0.3450 - 0.4275	:: 0.3450 - 0.4275		:: 0.3866	: 0.2518
-- Mostly	:: 0.3725 - 0.4200	:: 0.3750 - 0.4175	:: 0.3775 - 0.4150	:: 0.3775 - 0.4150		:: 0.3963	: 0.2623
-- Northeast (f.o.b.)	:: 0.3525 - 0.3975	:: 0.3550 - 0.3900	:: 0.3550 - 0.3925	:: 0.3550 - 0.3900		:: 0.3734	: 0.2576
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.8500 - 0.9750	:: 0.8800 - 0.9900	:: 0.8900 - 0.9900	:: 0.8900 - 0.9950		:: 0.9325	: 0.5758
-- Mostly	:: 0.8925 - 0.9275	:: 0.9000 - 0.9400	:: 0.9100 - 0.9500	:: 0.9100 - 0.9600		:: 0.9238	: 0.5543
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2475 - 0.3100	:: 0.2475 - 0.3250	:: 0.2475 - 0.3250	:: 0.2425 - 0.3250		:: 0.2838	: 0.1705
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 1.1500 - 1.2500	:: 1.1500 - 1.2850	:: 1.2000 - 1.3175	:: 1.2200 - 1.3175		:: 1.2363	: 0.9779
-- West (f.o.b.)	:: 1.0500 - 1.2800	:: 1.1400 - 1.3800	:: 1.1700 - 1.3500	:: 1.2000 - 1.3200		:: 1.2363	: 0.7975
-- Mostly	:: 1.0900 - 1.1500	:: 1.1700 - 1.2100	:: 1.2100 - 1.2700	:: 1.2100 - 1.2700		:: 1.1975	: 0.7905
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.5000 - 1.6300	:: 1.5400 - 1.6300	:: 1.5100 - 1.6300	:: 1.5100 - 1.6300		:: 1.5725	: 1.1900
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2150 - 0.4000	:: 0.2500 - 0.4000	:: 0.2200 - 0.4000	:: 0.2200 - 0.4000		:: 0.3131	: 0.1633
-- Mostly	:: 0.3100 - 0.3600	:: 0.3000 - 0.3600	:: 0.3000 - 0.3600	:: 0.3000 - 0.3600		:: 0.3313	: 0.1536
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.6000 - 4.2000	:: 3.6000 - 4.2000	:: 3.6000 - 4.2000	:: 3.6000 - 4.2000		:: 3.9000	: 2.8750
-- Nonrestricted - Acid	:: 3.6000 - 4.1500	:: 3.6000 - 4.1500	:: 3.6000 - 4.1500	:: 3.6000 - 4.1500		:: 3.8750	: 2.8075

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR MAY 2010

COMMODITY	:REPORT NUMBER 18:		:REPORT NUMBER 19:		:REPORT NUMBER 20:		:REPORT NUMBER 21:		:REPORT NUMBER 22:		2010 *	2009 *
	: MAY 3 - 7		: MAY 10 - 14		: MAY 17 - 21		: MAY 24 - 28		: MAY 31		: Monthly	: Monthly
											: Average	: Average
BUTTER*												
-- GRADE AA												
--Monday	::	1.6300	::	1.6050	::	1.5900	::	1.5650	::	1/	::	:
--Tuesday	::	1.6400	::	1.6100	::	1.5825	::	1.5375	::		::	:
--Wednesday	::	1.5800	::	1.6125	::	1.5825	::	1.5500	::		::	:
--Thursday	::	1.6000	::	1.6150	::	1.5825	::	1.5525	::		::	:
--Friday	::	1.6050	::	1.6150	::	1.5800	::	1.5575	::		::	1.2526
--Weekly Average**	::	1.6110	::	1.6115	::	1.5835	::	1.5525	::		::	:
CHEESE*												
-- BARRELS												
--Monday	::	1.3800	::	1.3800	::	1.4200	::	1.4775	::	1/	::	:
--Tuesday	::	1.3800	::	1.3850	::	1.4300	::	1.4600	::		::	:
--Wednesday	::	1.3750	::	1.3975	::	1.4400	::	1.4600	::		::	:
--Thursday	::	1.3725	::	1.4075	::	1.4675	::	1.4600	::		::	:
--Friday	::	1.3725	::	1.4175	::	1.4775	::	1.4300	::		::	1.0763
--Weekly Average**	::	1.3760	::	1.3975	::	1.4470	::	1.4575	::		::	:
-- 40# BLOCKS												
--Monday	::	1.3875	::	1.3875	::	1.4650	::	1.5000	::	1/	::	:
--Tuesday	::	1.3850	::	1.3900	::	1.4750	::	1.5000	::		::	:
--Wednesday	::	1.3825	::	1.4075	::	1.4750	::	1.4950	::		::	:
--Thursday	::	1.3800	::	1.4275	::	1.4875	::	1.4875	::		::	:
--Friday	::	1.3800	::	1.4625	::	1.5000	::	1.4650	::		::	1.1394
--Weekly Average**	::	1.3830	::	1.4150	::	1.4805	::	1.4895	::		::	:
NONFAT DRY MILK*												
-- EXTRA GRADE												
--Monday	::	1.2500	::	1.3000	::	1.3000	::	1.2900	::	1/	::	:
--Tuesday	::	1.2800	::	1.3000	::	1.3000	::	1.2900	::		::	:
--Wednesday	::	1.2900	::	1.3000	::	1.3000	::	1.2900	::		::	:
--Thursday	::	1.3000	::	1.3000	::	1.3000	::	1.2900	::		::	:
--Friday	::	1.3000	::	1.3000	::	1.2900	::	1.2900	::		::	0.8645
--Weekly Average**	::	1.2840	::	1.3000	::	1.2980	::	1.2900	::		::	:
-- GRADE A												
--Monday	::	1.3000	::	1.3350	::	1.3350	::	1.3000	::	1/	::	:
--Tuesday	::	1.3100	::	1.3350	::	1.3350	::	1.3000	::		::	:
--Wednesday	::	1.3150	::	1.3350	::	1.3350	::	1.3000	::		::	:
--Thursday	::	1.3250	::	1.3350	::	1.3000	::	1.3000	::		::	:
--Friday	::	1.3275	::	1.3350	::	1.3000	::	1.3000	::		::	0.8840
--Weekly Average**	::	1.3155	::	1.3350	::	1.3210	::	1.3000	::		::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

1/ CME GROUP CLOSED

MAY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2010 was unchanged at 183. Compared with May 2009, the index was up 3 points (1.7 percent). The index of prices received by farmers for dairy products advanced 3 points during the month of May 2010 to 115. Compared with May 2009, the index was up 26 points (29.2 percent).

Prices received by farmers in May with changes from April were: for All Milk, \$15.00 per hundredweight (cwt.), up \$.40; for Fluid Grade Milk, \$15.00 per cwt., up \$.40; and for Manufacturing Grade Milk, \$13.50 per cwt., up \$.20.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MAY 2010 WITH COMPARISONS

STATE	All-milk price ^{1/} ^{3/}				Milk cows ^{5/}		Cows ^{6/}		Alfalfa hay, baled ^{7/}	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	APRIL		MAY		MAY		MAY		MAY	
	2010 ^{2/}	2009 ^{2/}	2010 ^{4/}	2009 ^{2/}	2010 ^{4/}	2009 ^{2/}	2010 ^{7/}	2009 ^{8/}	2010	2009
CA	13.41	10.54	13.70	10.31	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		60.60	43.90	123.00	126.00
ID	13.70	10.80	13.80	10.10			64.20	49.30	97.00	128.00
MI	15.00	12.40	15.50	12.20			58.00	49.00	110.00	165.00
MN	14.60	12.50	14.80	11.90			62.40	51.70	115.00	110.00
NM	14.10	11.20	14.30	10.70			65.00	51.00	153.00	183.00
NY	15.50	12.70	15.90	12.70			---	---	120.00	145.00
PA	16.30	13.40	16.60	13.40			56.20	50.50	130.00	162.00
TX	15.30	12.30	15.50	11.80			54.90	46.80	183.00	185.00
WA	14.30	11.40	15.00	11.10			---	---	125.00	150.00
WI	14.50	12.40	15.00	11.60			59.00	48.00	120.00	95.00
U.S.	14.60	11.90	15.00	11.60	59.50	48.80	121.00	137.00		

^{1/} Prices are shown at reported butterfat test. ^{2/} Partially revised. ^{3/} Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. ^{4/} Preliminary. ^{5/} Animals sold for dairy herd replacement only. ^{6/} Beef cows and cull dairy cows sold for slaughter. ^{7/} Mid-month price. ^{8/} Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., MAY 2010 WITH COMPARISONS

ITEM	MAY 2009	APRIL 2010 ^{1/}	MAY 2010 ^{2/}
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test: ^{3/}			
All milk	11.60	14.60	15.00
Fluid grade milk	11.60	14.60	15.00
Manufacturing grade milk	10.60	13.30	13.50
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	130	138	141
Prices received by farmers for dairy products	89	112	115
Prices paid by farmers for commodities and services, interest taxes, and wage rates	180	183	183
Prices paid by farmers for production items	184	186	187
Prices paid by farmers for feed	193	172	170
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk ^{4/}	1.48	2.18	2.20

^{1/} Partially revised. ^{2/} Preliminary. ^{3/} Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. ^{4/} For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (5-10), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

APRIL 2010 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 138.6 million pounds in April, 2.5 percent below April 2009 and slightly below March 2010. **AMERICAN TYPE CHEESE** production totaled 360.1 million pounds, 1.5 percent above April 2009 but 0.6 percent below March 2010. **TOTAL CHEESE** output (excluding cottage cheese) was 862.8 million pounds, 1.8 percent above April 2009 but 3.2 percent below March 2010. **NONFAT DRY MILK** production, for human food, totaled 152.2 million pounds, 7.7 percent above April 2009 and 11.0 percent above March 2010. **DRY WHEY** production, for human food, was 85.6 million pounds, 7.7 percent above April 2009 but 1.6 percent below March 2010. **ICE CREAM** (hard) production totaled 78.5 million gallons, 0.7 percent below April 2009 and 1.8 percent below March 2010.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	APR 2010	PERCENT CHANGE FROM:			PRODUCT	APR 2010	PERCENT CHANGE FROM:		
	1,000 LBS.	APR 2009	MAR 2010	YEAR TO DATE 1/		1,000 LBS.	APR 2009	MAR 2010	YEAR TO DATE 1/
BUTTER	138,636	-2.5	-0.1	-5.4	SOUR CREAM	91,165	-2.9	-13.5	2.3
CHEESE					YOGURT (PLAIN AND FLAVORED)	332,611	6.8	-16.8	8.6
AMERICAN TYPES 2/	360,126	1.5	-0.6	-0.7	DRY WHEY, HUMAN FOOD	85,615	7.7	-1.6	---
CHEDDAR	272,711	---	-3.3	-0.8	DRY WHEY, ANIMAL FEED	5,162	39.7	-5.9	---
OTHER AMERICAN	87,415	6.5	8.9	---	DRY WHEY, TOTAL 8/	90,777	9.1	-1.9	8.6
BRICK & MUENSTER	10,325	10.3	-3.3	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	56,465	-11.2	-13.2	---	HUMAN FOOD	2,055	35.0	-5.4	---
HISPANIC	17,153	-3.1	-12.9	---	ANIMAL FEED	4,323	-6.2	-16.4	---
TOTAL ITALIAN TYPES	366,496	5.9	-3.7	5.3	LACTOSE, HUMAN FOOD & ANIMAL FEED	71,630	23.2	-3.0	20.9
MOZZARELLA	288,554	6.6	-3.9	6.4	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	77,942	3.3	-2.9	---	HUMAN FOOD 9/	33,318	13.3	-2.0	---
SWISS	28,419	-1.6	4.0	---	ANIMAL FEED 9/	2,414	-32.2	-0.4	---
ALL OTHER TYPES	23,833	-12.4	-8.6	---	TOTAL 9/	35,732	8.4	-1.9	1.8
TOTAL	862,817	1.8	-3.2	1.8	25.0-49.9 PERCENT 10/	19,967	-5.4	-5.8	---
COTTAGE CHEESE, CURD 3/	34,909	-10.6	-8.3	---	50.0-89.9 PERCENT 10/	15,765	32.8	3.5	---
COTTAGE CHEESE, CREAM 4/	26,855	-12.0	-7.7	-6.0	PROTEIN ISOLATES 11/	4,552	17.9	6.8	---
COTTAGE CHEESE, LOWFAT 5/	31,361	-8.8	-11.1	-4.1	FROZEN PRODUCTS	1,000 GALLONS			
CANNED EVAP & CONDSO WHOLE MILK	38,521	-10.2	-2.7	---	ICE CREAM (HARD)	78,496	-0.7	-1.8	-0.4
DRY BUTTERMILK	6,560	22.8	-9.0	---	ICE CREAM, LOWFAT (HARD)	14,020	4.9	3.9	---
DRY WHOLE MILK	3,838	27.8	-41.1	---	ICE CREAM, LOWFAT (SOFT)	24,494	13.0	2.3	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	11,683	2.9	53.0	---	ICE CREAM, LOWFAT (TOTAL)	38,514	9.9	2.9	3.7
NONFAT DRY MILK (NDM), HUMAN	152,217	7.7	11.0	-4.8	SHERBET, HARD	4,789	-4.4	-5.1	-3.5
SKIM MILK POWDERS (SMP) 7/	14,463	-41.3	-48.0	-5.1	YOGURT (TOTAL)	6,813	-3.0	4.4	-7.2

MANUFACTURERS' STOCKS, END OF MONTH 12/							
PRODUCT	APR 2010	PERCENT OF:		PRODUCT	APR 2010	PERCENT OF:	
	1,000 LBS.	APR 2009	MAR 2010		1,000 LBS.	APR 2009	MAR 2010
DRY WHEY, HUMAN FOOD	50,358	22.2	6.6	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	2,315	108.6	-29.0	HUMAN FOOD 9/	35,681	4.2	-0.6
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	9,822	-37.4	15.6	ANIMAL FEED 9/	2,320	-6.7	-2.3
LACTOSE, HUMAN FOOD & ANIMAL FEED	73,543	-0.6	9.7	TOTAL 9/	38,001	3.5	-0.7
CANNED EVAP & CONDSO WHOLE MILK	89,368	25.4	16.2	25.0-49.9 PERCENT 10/	22,457	9.0	-7.9
DRY BUTTERMILK	8,271	108.4	-13.8	50.0-89.9 PERCENT 10/	15,544	-3.6	11.9
NONFAT DRY MILK (NDM), HUMAN FOOD	144,412	-19.8	-2.2	PROTEIN ISOLATES 11/	9,667	-10.2	-8.2

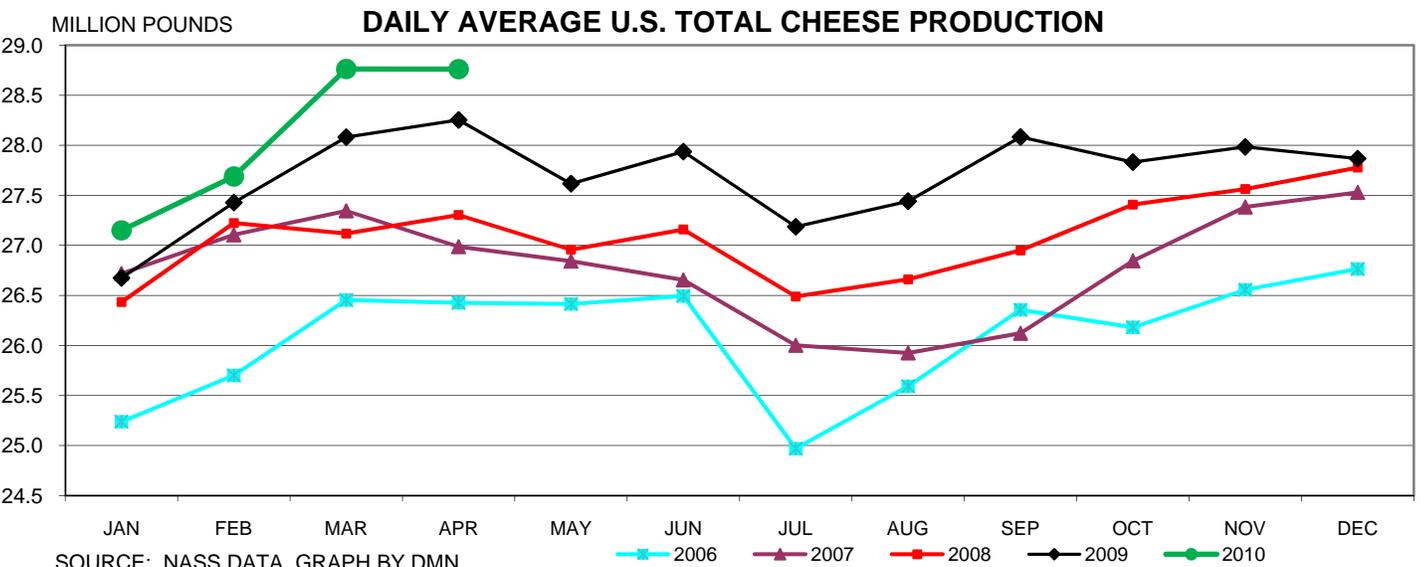
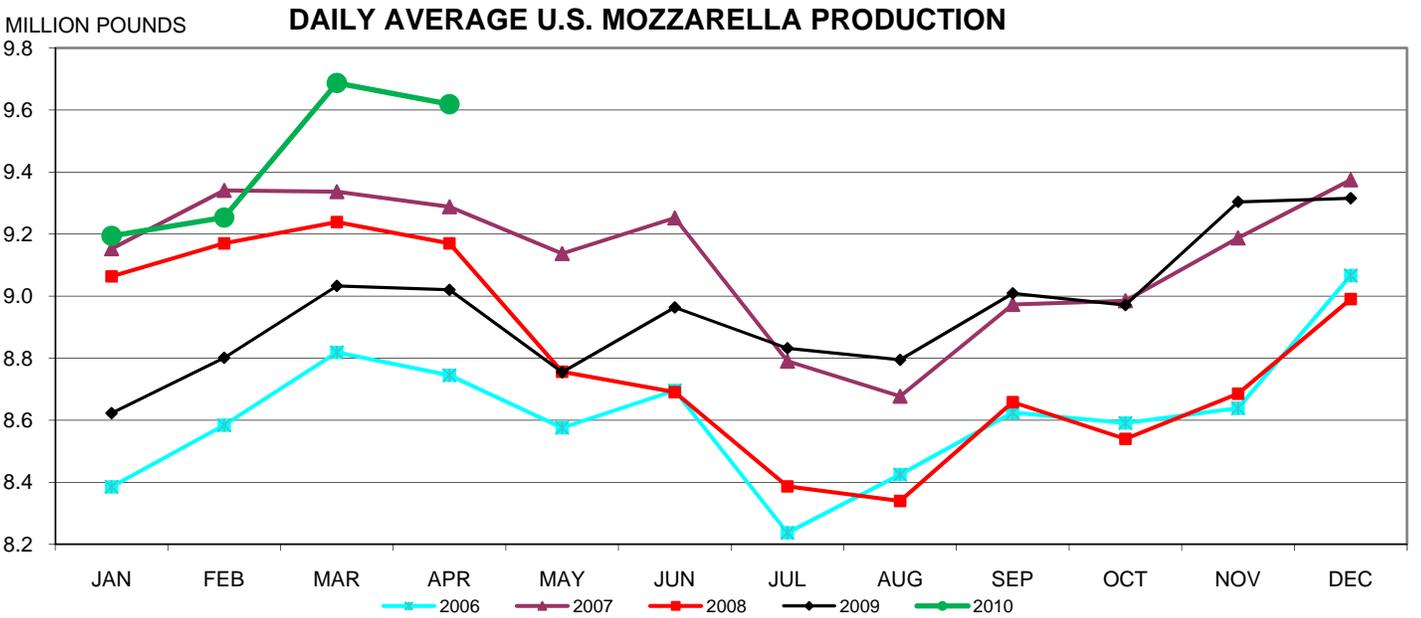
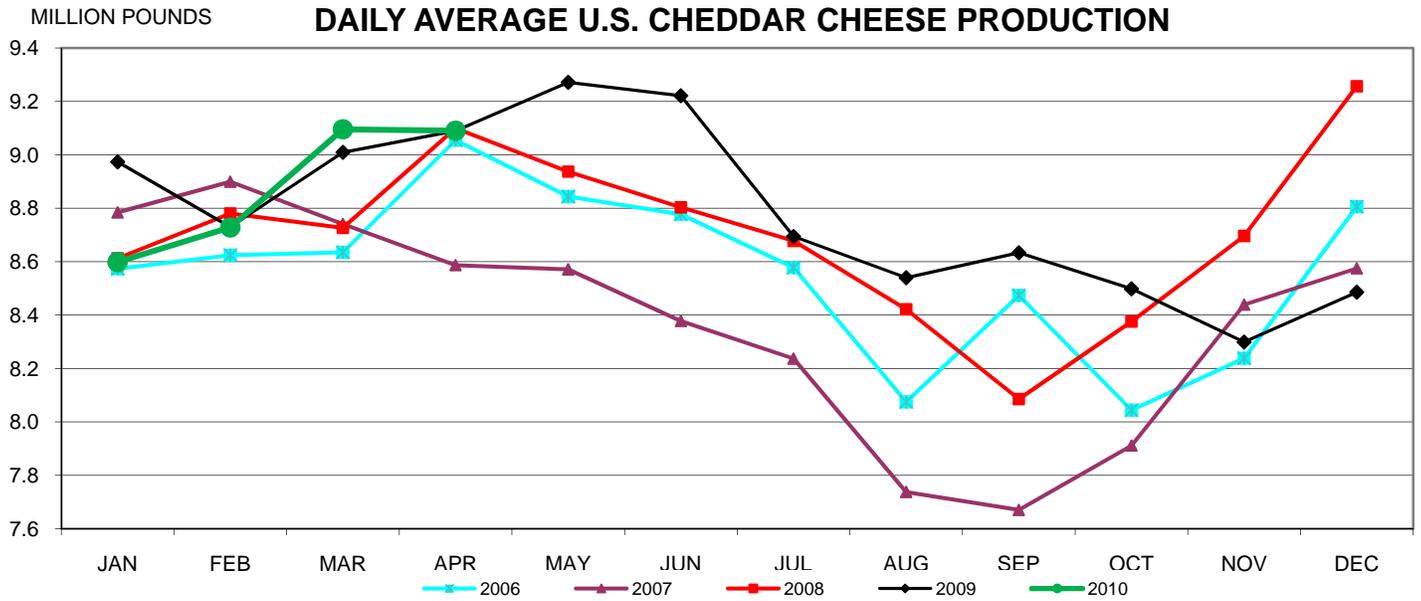
1/ 2010 cumulative as percent change of 2009 cumulative. 2/ Includes Cheddar, Colby, Monterey and Jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Dry milk protein concentrate, 40-89.9 percent. 7/ Includes protein standardized and blends. 8/ Excludes all modified dry whey products. 9/ Whey Protein Concentrate, 25.0 to 89.9 percent. 10/ Whey Protein Concentrate Human and Animal. 11/ Whey Protein Isolates, 90.0 percent or greater. 12/ Stocks held by manufacturers at all points and in transit. 13/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. SOURCE: "Dairy Products," Da 2-6 (6-10), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MAY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for May 2010 is \$1.7058 per pound. Thus, the Class II butterfat price is \$1.7128. The protein and other solids prices for May are \$2.1523 and \$0.1704 per pound, respectively. These component prices set the Class III skim milk price at \$7.68 per cwt. The May Class IV skim milk price is \$9.66 which is derived from the nonfat solids price of \$1.0734 per pound. **Product Price Averages:** The product price averages for May are: butter \$1.5801, nonfat dry milk \$1.2520, cheese \$1.4257, and dry whey \$0.3645.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	MAY 2010				JUNE 2010
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
DOLLARS PER 100 POUNDS						
Northeast (Boston) 4/	001	17.05	14.90	13.38	15.29	18.53
Appalachian (Charlotte) 5/ 6/	005	17.20	14.90	13.38	15.29	18.68
Southeast (Atlanta) 6/ 7/	007	17.60	14.90	13.38	15.29	19.08
Florida (Tampa) 6/ 8/	006	19.20	14.90	13.38	15.29	20.68
Midwest (Cleveland) 9/	033	15.80	14.90	13.38	15.29	17.28
Upper Midwest (Chicago) 10/	030	15.60	14.90	13.38	15.29	17.08
Central (Kansas City) 11/	032	15.80	14.90	13.38	15.29	17.28
Southwest (Dallas) 12/	126	16.80	14.90	13.38	15.29	18.28
Arizona (Phoenix)	131	16.15	14.90	13.38	15.29	17.63
Pacific Northwest (Seattle) 13/	124	15.70	14.90	13.38	15.29	17.18
All-Market Average	---	16.69	14.90	13.38	15.29	18.17

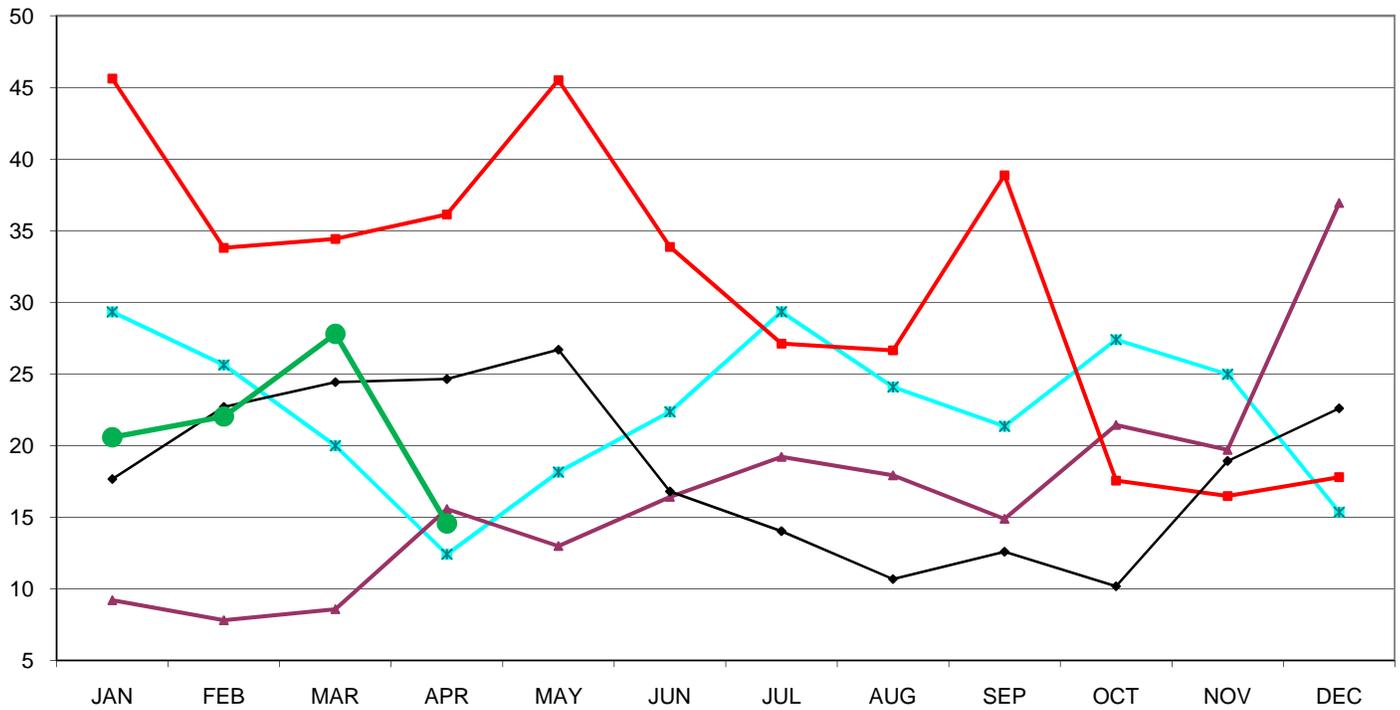
1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.
 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
 3/ Names in parentheses are the major city in the principal pricing point of the market.
 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.
 5/ Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.
 6/ Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.
 7/ Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.
 8/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.
 9/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.
 10/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.
 11/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.
 12/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.
 13/ Class I prices at other cities are: Portland, same; and Spokane, same.



SOURCE: NASS DATA, GRAPH BY DMN

U.S. SKIM MILK POWDER PRODUCTION

MILLION POUNDS

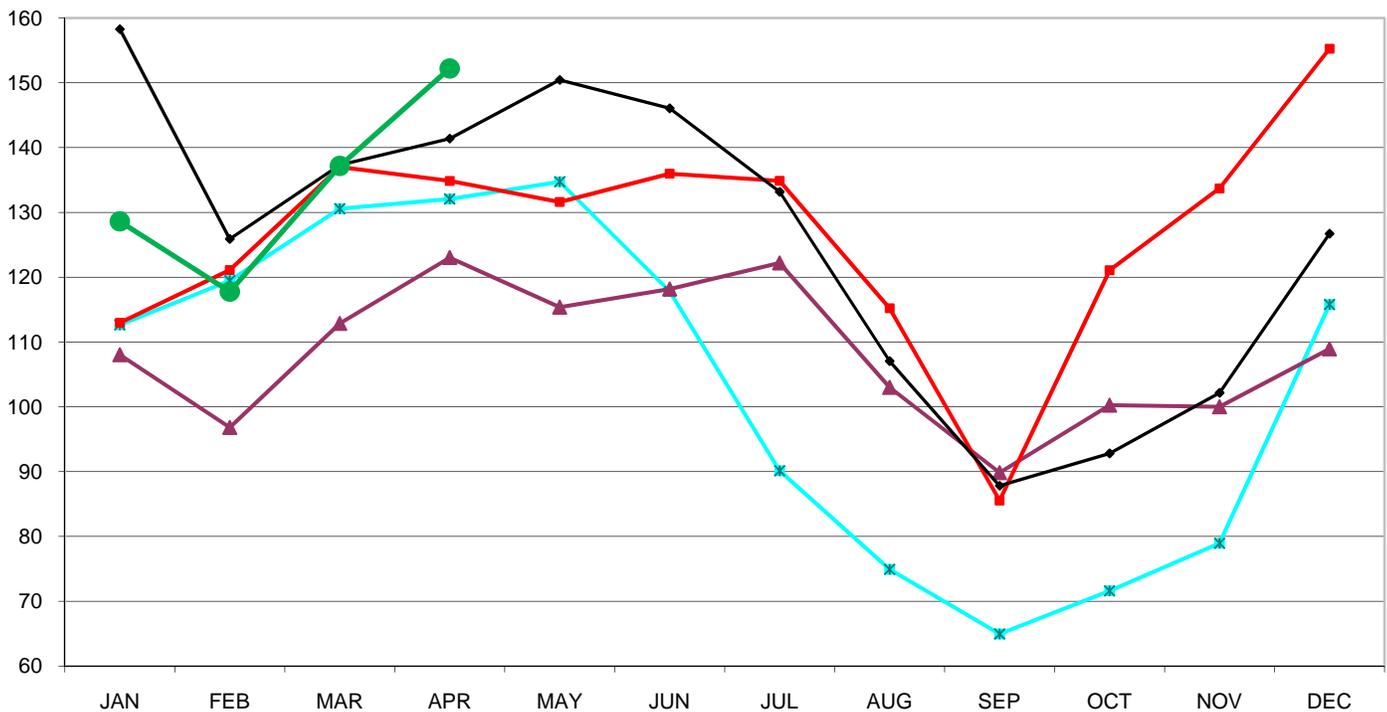


NASS DATA, GRAPH BY DMN

2006 2007 2008 2009 Revised 2010

U.S. NONFAT DRY MILK (NDM) PRODUCTION, HUMAN

Million Pounds

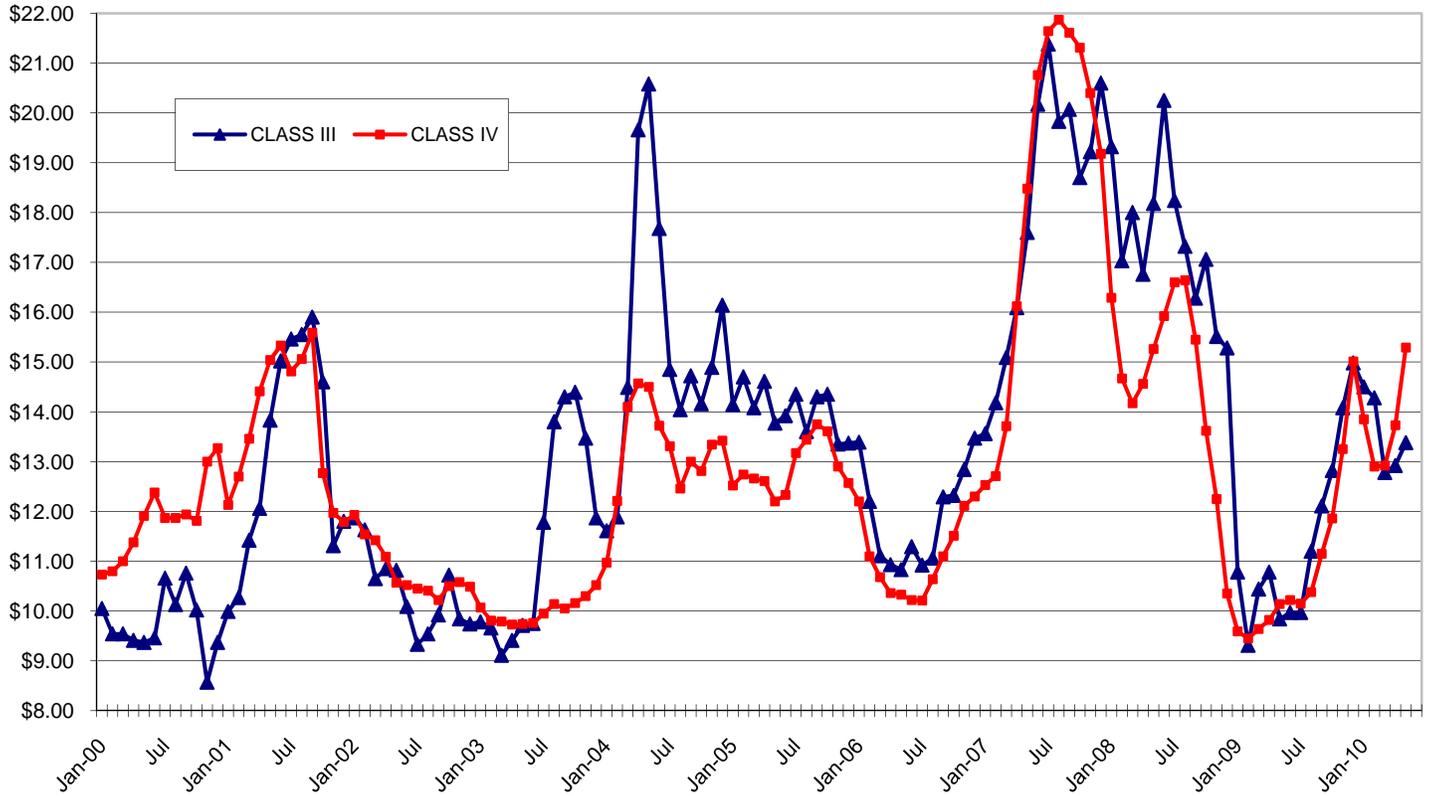


Graph USDA, DMN; Source: NASS Data

2006 2007 2008 2009 Revised 2010

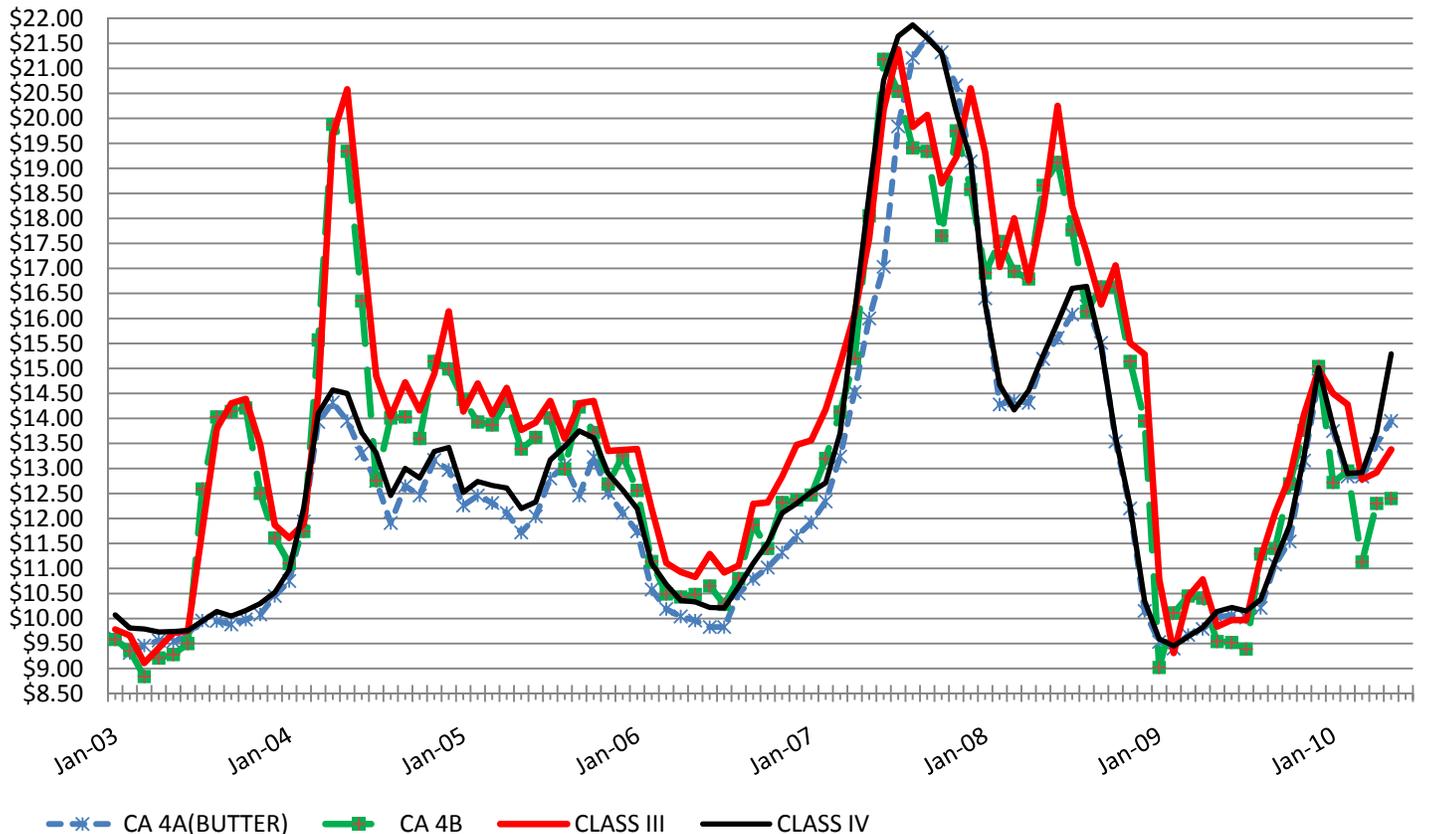
Per Cwt.

CLASS III & IV MILK PRICES, JAN 2000 TO DATE



FEDERAL ORDER CLASS III AND IV PRICES COMPARED TO CALIFORNIA 4A AND 4B

PER CWT



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